

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6884
BILL NUMBER: HB 1113

NOTE PREPARED: Feb 3, 2005
BILL AMENDED: Feb 1, 2005

SUBJECT: Service Fees.

FIRST AUTHOR: Rep. Richardson
FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) This bill provides for the collection of a \$10 service fee in civil actions for each defendant named or added in a civil action. It increases the small claims service fee from \$5 to \$10 for each defendant named in a small claims action. It specifies that 100% of the service fees shall be deposited in the appropriate county, city, or town general fund.

Effective Date: July 1, 2005.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Revenues: (Revised) *Summary* -- This bill is estimated to generate new revenue in the following amounts, depending on the number of respondents to these cases.

<u>Calendar Year</u>	<u>Low Estimate (\$ M) *</u>	<u>High Estimate (\$ M) *</u>
2005	\$1.73	\$2.73
2006 and following years	\$3.46	\$5.46
* The average number of defendants named in civil actions covered by this bill is unknown. The low estimate is based on an average of one defendant named; the high estimate is based on an average of two defendants.		

Proposed Changes -- Current law specifies how service fees for small claims cases are paid and the proposed changes for both small claims and civil actions.

	Fees		Parties Affected	
	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>
Small Claims	\$5*	\$10	plaintiff pays fee for each defendant named or added	plaintiff pays flat fee
Civil Actions	none	\$10	none	plaintiff pays fee for each defendant named; party adding defendants pays fee for each defendant named
*Fee becomes effective on July 1, 2005				

Background Information -- The following table is the basis for estimating the additional revenue that this bill could generate.

<u>Cases</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>Five-Year Average</u>
Civil	173,596	187,806	201,753	217,982	215,622	199,352
Small Claims	282,218	289,964	305,776	290,493	298,477	293,386

The average number of defendants named in civil and small claims cases is not reported in published form. The following tables assume that the average number of defendants involved in these cases is between one and two. Based on the five-year average of filings, the estimated revenue for the last six months of CY 2005 could range between \$1.73 M and \$3.46 M. For CY 2006 and each following year, the added \$5 fees for small claims and \$10 for civil actions could generate between \$3.46 M and \$5.46 M. [Note: The small claims fee is a flat fee of \$10 and will not vary with the number of defendants added to the small claims action.]

	5 Yr. Avg. Of Filings		Added Fee		Potential Revenue in \$M	
					For One Respondent	For Two Respondents
Civil	199,352	x	\$10	=	\$1.99	\$3.99
Small Claims	293,386	x	\$5	=	<u>\$1.47</u>	<u>\$1.47</u>
Total New Revenue for last six months of CY 2005					\$1.73	\$2.73
Each Calendar Year Following 2005					\$3.46	\$5.46

The proceeds from the small claims service fees are deposited in the county general fund, while the civil action service fees are deposited in either the county, city, or town general fund.

State Agencies Affected:

Local Agencies Affected: All courts of record with civil and small claims jurisdiction.

Information Sources: *2003 Indiana Judicial Service Report*, Volume 1, Executive Summary.

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